ILLINOIS BUSINESS REVIEW

A MONTHLY SUMMARY OF BUSINESS CONDITIONS FOR ILLINOIS

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HIGHLIGHTS OF BUSINESS IN AUGUST

Expanding economic activity carried the index of industrial production to 113 percent of the 1957 average in August, after allowance for seasonal factors. The index in July had already exceeded by 1 point the previous high of 111 established in January, 1960. Continuing advances in steel production and related lines of output helped to push up the total. Employment rose slightly, but the seasonally adjusted rate of unemployment held close to the 7 percent level that has prevailed for many months.

The large increases in military spending projected by the Administration have no doubt contributed to current business optimism, particularly as reflected in the stock market, where prices reached record highs.

Construction Continues Advance

The value of new construction put in place registered a more than seasonal gain in August, as it had in each of the preceding five months. Total expenditures amounted to $5.4 billion, 1 percent above July and 4 percent above August, 1960. New private construction totaled $3.7 billion, about the same as in July. Most of this was nonfarm residential construction, which was down less than seasonally to $2.1 billion.

Public spending on new construction rose about 4 percent from July to $1.7 billion. This was slightly more than the normal increase for August. Greater highway expenditures accounted for most of the gain. Spending on military facilities declined about 3 percent in August, when it normally rises.

In the first eight months of 1961 total new construction was up 3 percent from the comparable period in 1960.

Inventories Up, Sales Down

The book value of manufacturing and trade inventories rose $300 million in July to $91.8 billion, after seasonal adjustment. This represents the largest of four consecutive monthly increases; since March the total has advanced $800 million, of which $500 million was in trade inventories. Increases of $200 million in the stocks of durables manufacturers and $100 million in retail inventories, mostly durables, accounted for the July advance. Stocks of wholesalers were unchanged.

Total sales of manufacturing and trade firms fell back to the May level of $61.6 billion in July. This was down $300 million from June, the year's high. The July drop reflected decreases in wholesale and retail sales that more than offset a $200 million increase in manufacturers' sales. Primary metals producers showed the largest advance — 6 percent, after seasonal adjustment.

New orders received by manufacturers, at $31.2 billion, were up slightly from June and $1 billion above July, 1960. Aircraft, electronics, and primary metal producers experienced substantial increases that were partly offset by declines in other industries.

Rail Subsidy Proposed

The Interstate Commerce Commission has suggested to Congress that the federal government subsidize railroad passenger service. The proposal was directed primarily at the problems of the New York, New Haven and Hartford Railroad, which has been forced into financial reorganization, but would be applicable to others. Subsidies would be extended on the basis of expenditures made by a railroad on the maintenance of its way and structures that are directly assignable to passenger service.

The justification for the proposed subsidy program, in addition to the need for continuing passenger service, particularly on commuter lines, is posed in terms of the competitive advantage that other modes of transportation have obtained as a result of direct and indirect subsidies in the form of government financing of highways, airways, and waterways. Thus, the federal government would assume an obligation to pay part of the cost of maintaining rail right-of-ways. The commission estimated that this would not exceed $52 million annually even if all roads applied and qualified for aid.

Little Change in Consumer Debt

With allowance for seasonal factors, consumers reduced their outstanding instalment debt $74 million in July after increasing it $100 million in June. This left the total instalment debt at the end of July at $42.5 billion, about $400 million above the year-earlier figure. A decline of $102 million in outstanding automobile paper, the eighth drop in a row in the adjusted series, accounted for the July reduction. Small increases in other consumer goods paper and in personal loans were reported.

Noninstalment debt of consumers rose a seasonally adjusted $119 million in July, somewhat more than in June. Most of the July advance was in single-payment loans. Total short- and intermediate-term consumer debt at the end of July amounted to $54.7 billion, up nearly $900 million from the year-earlier total.

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Making Less and Saving More

Americans are getting rich. They are getting so rich that they can afford to ignore some of the basic economic principles of the past.

At least one of these phenomena has gone largely unnoticed so far, even though its effects seem to be becoming more pronounced. This is the growing tendency for people to save more when business goes down and save less when business goes up.

In the recession just ended, a larger proportion of people's disposable personal income — that is, personal income after deduction of personal tax and nontax payments (fines, penalties, and so on) — was saved while business conditions were deteriorating than in previous upswings of the cycle. Thus, at the bottom of this last recession, in the first quarter of this year, saving averaged 6.7 percent of disposable income; and in the two previous quarters, while business was turning down, saving averaged 6.4 percent and 6.9 percent of disposable income. In contrast, in the prior (1959-60) upswing, saving never amounted to more than 6.5 percent of disposable income; and in the period when the sharpest rise took place, in the first quarter of 1960, people saved only 6.3 percent of their disposable income.

Admittedly, these differences are small. Yet, the pattern is clear and the nature of the differences is truly remarkable.

Furthermore, a somewhat similar pattern began to be evident in the previous recession, in 1957-58. At the peak of the cycle, the saving rate had declined from the prior upswing but in the ensuing downturn the saving rate hardly fell at all.

Much the same phenomenon is evident when the saving rate is compared with recent cyclical swings in aggregate personal incomes. Fluctuations in personal income have been much smaller than those in the indexes of over-all business conditions, thanks in part to the presence of built-in stabilizers, but this inverse relationship between the saving rate and the aggregate still appears.

Fat and Fear

How does this come about? Three factors seem to be primarily responsible. First, when business gets worse, incomes generally are reduced, but, at least in the past few years, not to the extent to which business has suffered. Indeed, wage and salary income in the postwar years has increased more and has held up better in downswings than almost any other form of income.

Second, it is clear that despite the extent to which incomes have been maintained in recent recessions, people have little confidence that this happy state of affairs will continue. When business goes down, people begin to get worried. They fear that the downturn will continue long enough, and go deep enough, that their incomes might be reduced or eliminated. To counter this fear, they begin to consider means of coping with such an eventuality, and what is more natural in such a case than to reduce expenditures so that more money can be laid aside just in case?

This additional saving is facilitated by the third factor, namely, by the presence of what seems to be a considerable amount of "fat" in people's spending patterns during peak business conditions. This "fat" — known in more technical terms as "discretionary purchasing power" — is clearly made possible by the current very high standard of living. Because of this high standard of living, an increasing proportion of expenditures tends to be not for subsistence purposes but rather for purposes of adding extras and improving still further one's living pattern. Since such expenditures are primarily transitory in nature, they can be reduced relatively easily and the money set aside with little impact on current living patterns. This is particularly true of durable goods purchases which, to judge by the experience of the past two recessions, have been especially hard hit.

Rationality or Perversity

To be sure, in a lengthy recession or depression, it may not be possible for people to reduce expenditures rapidly enough to maintain saving. However, in the foreseeable future, recessions of this magnitude do not appear probable, and it is therefore of interest to consider probable effects of the rising rate of saving in recession.

There would seem to be three principal effects, relating to over-all economic activity, to financial institutions and sellers of consumer goods, and to consumers themselves.

From the point of view of the over-all economy, this phenomenon serves to remove one of the automatic stabilizers that in the past has acted to maintain purchasing power when it was badly needed. On downswings in the past, the effects of the reduced purchasing power of consumers were mitigated to some extent by the increased proportion of the remaining incomes spent for goods and services. Now this stabilizing mechanism tends to act in reverse, serving to increase spending more when it is needed least by the economy, and to reduce spending when it is needed most, namely, in cyclical downswings.

Actually, this stabilizer was never very potent in past recessions, particularly because the reduced spending brought about by a drop in aggregate income more than offset the higher rate of spending at the lower levels of income. However, in a relatively slight recession, reduced spending at somewhat lower levels of income brought about by a desire to maintain saving could assume much more importance and help intensify the resulting downswing.

Second, this phenomenon poses somewhat of a marketing dilemma for financial institutions. For them, consumer funds are likely to become more plentiful when business turns down. Since virtually all of these institu-

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SOAP—AN INDISPENSABLE PRODUCT

Soap is one of modern man's most indispensable products. Without it, the high level of health in today's progressive societies would soon decline. In fact, the quantity of soap consumed by a nation offers a rough but plausible index of its wealth and civilization.

The United States currently produces and consumes more soap than any other country. Nearly 4.4 billion pounds of soap and synthetic detergents, valued at about $1.2 billion, were sold during 1960, a record year.

Soap serves many uses. In addition to its primary utilization in personal hygiene and countless household tasks, it is vital to many other industries. Among other things, it is a lubricant for hundreds of manufacturing processes, such as the making of telephone wires; it is a rust preventive in antifreeze solutions; it is an emulsifier in the processing of synthetic rubber; and it is a glossing agent in the manufacture of slick papers. Moreover, the soap industry's most important by-product — glycerin — is used in the manufacture of a wide variety of other products, ranging from cellophane to cosmetics.

Illinois — Soapmaking Stronghold

Soap was produced commercially in Illinois as early as the 1820's, but the industry, both in the State and nationally, did not burgeon until after the Civil War. Prior to this and for many years thereafter, soap was made in the home. Its development here was linked to the cleansing needs of the state's mushrooming population, the then-emerging techniques of mass production of soap, and perhaps most important, the development of Chicago as the nation's packing center. The swelling surpluses of tallows and greases from the city's stockyards attracted soapmakers and encouraged major packing houses to enter the business.

As a result of the early concentration of raw materials and subsequent development of a skilled labor pool in Chicago, the industry in the State today is still centered predominantly in the Chicago area. This area is one of the nation's three most important soap-producing centers today. More than nine-tenths of the state's 60 plants are situated within a 30-mile radius of Chicago. They produce an estimated 95 percent of the total Illinois soap and detergent volume.

Altogether, shipments from Illinois plants in 1958, according to the latest Census of Manufactures, were valued at $156 million, the fourth largest total among the 39 soap-producing states. During the same year, more than 3,100 of the 30,000 workers in the nation's 608 soapmaking establishments were employed in Illinois.

How Soap Is Made

Soap production, until about a century ago, was accomplished by a variety of methods, most of which were erratic and expensive, and yielded limited quantities. Many were jealously guarded secrets passed down from craftsmen to apprentices. Because commercial supplies were scarce, the major proportion of soap was made by housewives who used traditional household methods. Usually each spring, a year's accumulation of household fats and greases was boiled with wood ashes (potash alkali) over an open fire. The alkali reacting with the greases produced a thick, gravy-like curd, which, when cooled, gave the housewife a harsh, smelly soap.

The scientifically controlled, large-scale process that turns out the nation's current soap requirements is based on essentially the same principle employed by the pioneer housewife, that is, fatty acids are combined with an alkali. Soap factories today utilize one of two methods: the "kettle" method or the "continuous flow" method. In the former, melted fats and oils, together with a solution of alkali, are boiled in large vats containing up to 200 tons of raw materials. After salt is added, soap curds form and float to the surface, while heavier materials, such as glycerin and alkalies, settle to the bottom.

The newer and faster "continuous process" impels raw materials through stainless steel tubes that often rise 80 feet high. The fatty acids are injected into the tube, then rise through a scalding hot water bath. Moving upward, fats are split by chemical action into component parts that are mixed with caustic acids to form the soap curds. As with the "kettle" method, other ingredients, such as coloring or perfume, are then mixed with the melted soap, which is finally shaped into the end product.

By contrast, synthetic detergents, which are not really soaps, are produced by many complex chemical processes quite unrelated to that of soapmaking. The raw materials of synthetics are derived mostly from petroleum and coal tar products, as well as from hydrogenated fatty acids. Synthetics are given further soaplike qualities through the addition of various special ingredients, such as wetting, dispersing, emulsifying, and penetrating agents, depending upon the special use the end product will serve.

Industry Trends

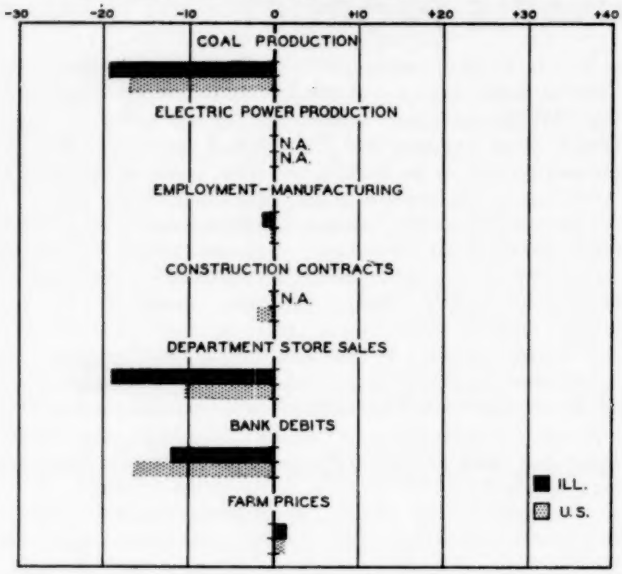
The remarkable growth of synthetics has been the highlight of the industry during the postwar period. Stimulated by the shortage of fats and oils during World War II, synthetics, which actually were discovered during the 1930's, climbed from less than 5 percent of total pound volume in 1945 to 75 percent last year. This growth resulted mainly from the diversity of uses to which synthetics could be put in the household, for which 85 percent of all soaps and detergents are bought.

Although total soap and detergent consumption has increased mainly as a result of population growth, per capita consumption has gradually risen from 21 pounds in 1909 to 28 pounds in 1960. Largely accounting for this increase is the greater consumption stemming from changing living habits, such as the increasing use of automatic washing machines and dishwashers, as well as the growing preference for washable-type clothing and fabrics. Annual per capita consumption of personal toilet bar soaps remained constant at about three to four pounds during the same period.

STATISTICAL SUMMARY OF BUSINESS ACTIVITY

SELECTED INDICATORS[a]

Percentage changes June, 1961, to July, 1961



[a] Not seasonally adjusted. N.A. Not available.

ILLINOIS BUSINESS INDEXES

Item	July 1961 (1947-49 =100)	Percentage change from June 1961	Percentage change from July 1960
Electric power[1]	256.9	+ 3.1	+ 7.3
Coal production[2]	58.7	−19.3	+ 5.5
Employment—manufacturing[3]	95.3	− 1.2	− 3.2
Weekly earnings—manufacturing[3]	178.8[a]	+ 1.9	+ 2.5
Dept. store sales in Chicago[4]	137.0[b]	+ 7.9	+ 4.6
Consumer prices in Chicago[5]	130.9	+ 0.9	+ 0.4
Construction contracts[6]	n.a.		
Bank debits[7]	220.5	−11.8	+ 7.2
Farm prices[8]	80.0	+ 1.3	− 1.2
Life insurance sales (ordinary)[9]	305.0	− 3.4	+ 7.0
Petroleum production[10]	119.7	+ 1.5	+ 0.7

[1] Fed. Power Comm.; [2] Ill. Dept. of Mines; [3] Ill. Dept. of Labor; [4] Fed. Res. Bank, 7th Dist.; [5] U.S. Bur. of Labor Statistics; [6] F. W. Dodge Corp.; [7] Fed. Res. Bd.; [8] Ill. Crop Rpts.; [9] Life Ins. Agcy. Manag. Assn.; [10] Ill. Geol. Survey.

[a] Data for June, 1961, compared with May, 1961, and June, 1960. [b] Seasonally adjusted. N.A. Not available.

UNITED STATES MONTHLY INDEXES

Item	July 1961	Percentage change from June 1961	Percentage change from July 1960
	Annual rate in billion $		
Personal income[1]	421.8[a]	+ 1.1	+ 4.2
Manufacturing[1]			
Sales	373.2[a]	+ 0.6	+ 2.3
Inventories	53.6[a,b]	+ 0.4	+ 2.4
New construction activity[1]			
Private residential	25.5[c]	− 2.7	+ 1.4
Private nonresidential	19.3[c]	+ 3.7	+ 7.8
Total public	20.4[c]	+ 4.4	+ 7.6
Foreign trade[1]			
Merchandise exports	20.4[d]	− 2.6	− 2.2
Merchandise imports	14.6[d]	+ 2.2	− 6.6
Excess of exports	5.7[d]	−12.9	+11.2
Consumer credit outstanding[2]			
Total credit	54.7[b]	− 0.2	+ 1.9
Instalment credit	42.4[b]	0.0	+ 1.8
Business loans[2]	35.6[b]	− 1.8	− 3.1
Cash farm income[3]	29.4[d]	+ 9.4	− 1.7
	Indexes (1947-49 =100)		
Industrial production[3]			
Combined index	112[a,e]	+ 1.8	+ 1.8
Durable manufactures	108[a,e]	+ 2.9	+ 1.9
Nondurable manufactures	119[a,e]	+ 0.8	+ 2.6
Minerals	99[a,e]	+ 1.0	+ 2.1
Manufacturing employment[4]			
Production workers	97	+ 0.5	− 2.6
Factory worker earnings[4]			
Average hours worked	100	− 0.2	+ 0.5
Average hourly earnings	177	0.0	+ 2.6
Average weekly earnings	177	− 0.3	+ 3.1
Construction contracts[5]	310	− 2.0	− 1.9
Department store sales[3]	151[a]	+ 1.3	+ 2.0
Consumer price index[4]	128	+ 0.4	+ 1.2
Wholesale prices[4]			
All commodities	119	+ 0.3	− 0.9
Farm products	87	+ 1.8	− 2.6
Foods	108	+ 0.7	− 2.3
Other	127	0.0	− 0.6
Farm prices[3]			
Received by farmers	87	+ 1.2	0.0
Paid by farmers	120	0.0	+ 0.8
Parity ratio	79[f]	+ 1.3	0.0

[1] U.S. Dept. of Commerce; [2] Federal Reserve Board; [3] U.S. Dept. of Agriculture; [4] U.S. Bureau of Labor Statistics; [5] F. W. Dodge Corp.

[a] Seasonally adjusted. [b] End of month. [c] Includes Hawaii and Alaska. [d] Data for June, 1961, compared with May, 1961, and June, 1960. [e] 1957 = 100. [f] Based on official indexes, 1910-14 = 100.

UNITED STATES WEEKLY BUSINESS STATISTICS

Item	1961					1960
	Aug. 26	Aug. 19	Aug. 12	Aug. 5	July 29	Aug. 27
Production:						
Bituminous coal (daily avg.)...thous. of short tons	1,341	1,375	1,370	1,321	1,368	1,307
Electric power by utilities...mil. of kw-hr.	15,491	15,665	16,080	16,137	16,061	15,018
Motor vehicles (Wards)...number in thous.	83	30	28	46	98	54
Petroleum (daily avg.)...thous. bbl.	7,054	7,073	7,045	7,024	6,945	6,846
Steel...1947-49=100	117	113	111	107	106	90
Freight carloadings...thous. of cars	592	595	591	589	591	595
Department store sales...1947-49=100	152	142	131	132	125	144
Commodity prices, wholesale:						
All commodities...1947-49=100	118.9	119.0	118.8	118.7	118.6	119.2[a]
Other than farm products and foods...1947-49=100	127.4	127.4	127.5	127.7	127.5	128.2[a]
22 commodities...1947-49=100	85.0	85.3	84.8	84.7	84.6	85.6
Finance:						
Business loans...mil. of dol.	31,498	31,592	31,359	31,499	31,320	31,107
Failures, industrial and commercial...number	352	366	343	406	319	315

Source: *Survey of Current Business, Weekly Supplements.*

[a] Monthly index for August, 1960.

RECENT ECONOMIC CHANGES

Foreign Investments

The flow of United States private capital to foreign countries increased sharply last year to $3.9 billion, up from $2.4 billion in 1959. In addition, reinvestment of some earnings and appreciation of foreign security shares combined with the capital outflow to raise the value of private holdings abroad by almost $5.5 billion, to a total of $50.3 billion at the end of 1960.

New direct investments by United States companies in their foreign branches and subsidiaries totaled $2.9 billion in 1960, compared with $2.4 billion in the preceding year (see chart). Last year's addition to direct investment, composed of $1.2 billion in retained earnings and $1.7 billion in net capital outflow, raised the book value of direct foreign investments to $32.7 billion.

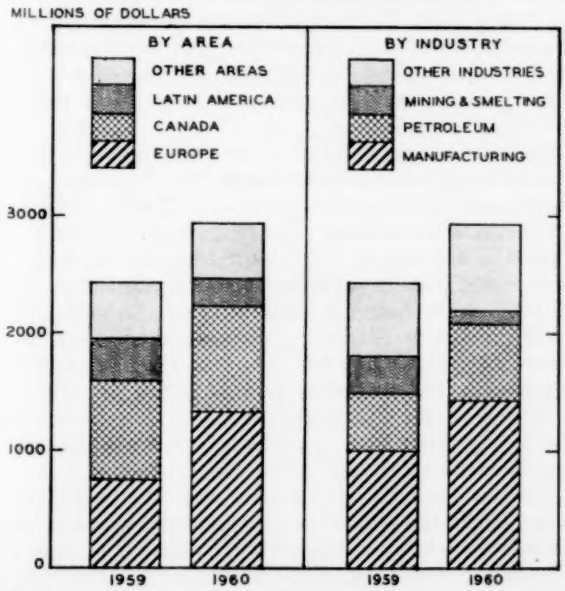
Most of the increase in direct investments resulted from a sharp rise in new manufacturing investments, which totaled $1.4 billion last year, compared with about $1 billion in 1959. While capital outflows and retained earnings were up in most areas, the expansion was greatest in Europe, where manufacturing investment increased from $2.9 billion in 1959 to $3.8 billion in 1960. New investments in the petroleum industry for all areas also advanced last year, rising almost 30 percent to $644 million.

Housing Vacancies

The vacancy rate of the nation's rental units continued during the second quarter of this year the steady rise which began in 1958, according to the Census Bureau. During the April-June period the number of units vacant and available for rent rose slightly to 8.1 percent of all rental units, compared with 8.0 percent in the first quarter and 7.3 percent in the second quarter of 1960. In mid-1958, the rate stood at 6.0 percent.

Compared with a year ago, rental vacancy rates have risen in all four sections of the country. The largest advance occurred in the South, where the vacancy rate reached 9.6 percent of the available units in the second quarter, compared with 8.3 percent in the same period a year ago. In the North Central, the proportion of rental units vacant rose from 7.5 percent to 8.8 percent. Smaller increases occurred in the Northeast and West where the rates advanced to 4.5 and 10.7 percent, respectively.

ADDITIONS TO UNITED STATES DIRECT FOREIGN INVESTMENTS



Source: U.S. Department of Commerce.

Gross National Product

The nation's output of goods and services rose to a seasonally adjusted annual rate of $516.1 billion in the second quarter of this year. The gain of $15.3 billion over the previous period followed three successive quarterly declines and brought real output back to the previous peak of a year earlier.

GROSS NATIONAL PRODUCT OR EXPENDITURE
(Seasonally adjusted, billions of dollars at annual rates)

	2nd Qtr. 1961	*1st Qtr. 1961*	*2nd Qtr. 1960*
Gross national product	516.1	500.8	506.4
Personal consumption	336.1	330.7	329.9
Durable goods	42.0	39.4	45.3
Nondurable goods	154.1	153.7	153.3
Services	139.9	137.5	131.2
Domestic investment	68.8	59.8	74.6
New construction	41.3	39.6	40.7
Producers' durable equipment	24.7	24.2	28.6
Change in business inventories	2.8	−4.0	5.4
Nonfarm inventories only	2.4	−4.3	5.1
Foreign investment	3.9	5.3	2.3
Government purchases	107.3	105.0	99.6
INCOME AND SAVINGS			
National income	n.a.	412.2	419.2
Personal income	413.2	404.7	403.1
Disposable personal income	361.8	354.3	352.7
Personal saving	25.8	23.7	22.8

Source: U.S. Department of Commerce.

During the second quarter both investment and consumption demand rose sharply. Investment outlays, accounting for more than half of the increase in GNP, increased by $9 billion, bringing gross private domestic investment up to $68.8 billion at midyear. The reversal from a $4 billion rate of inventory liquidation in the first quarter to an accumulation rate of $2.8 billion in the subsequent period was the main factor in a 15 percent advance in private domestic investment during the period.

Personal consumption expenditures rose by about $5.4 billion in the spring quarter, chiefly as the result of higher spending for automobiles and services.

Personal Income

Personal income reached record highs in every state in 1960, despite the slowdown in business activity which prevailed in the latter part of the year. For the United States as a whole, personal income totaled $400 billion, $19 billion above the 1959 level. Most of the states experienced percentage increases close to the national average. The largest advance, 23 percent, occurred in South Dakota. Other states with gains of more than 10 percent were North Dakota, Alaska, Hawaii, and Arizona.

On a per capita basis, personal income in 1960 averaged $2,223 in the country as a whole, compared with $2,160 in the previous year. However, price increases offset nearly all of this advance, and real per capita

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THE LONG-TERM ADEQUACY OF RAW MATERIALS

HERBERT I. SCHILLER, Research Associate Professor

Contemporary Americans rarely see materials in their raw state. What the manufacturing process misses, packaging catches, in eliminating the slightest vestige of an earlier, unfinished condition. Even the once-familiar sight of the truck unloading coal in front of an apartment house or private home has disappeared with the shift to oil and gas and one of the last small links that reminded urbanites of natural processes has vanished. Taken for granted for decades and now banished even from the sensory fields of sight, smell, and touch by innumerable intermediate layers of processing, raw materials still provide the underpinning of the economy. A break in the line of supply of these basic substances would be reflected sharply in the interruption of production of the packaged glamour items which are so highly prized.

It is of some consequence, therefore, to contemplate the state of the economy's raw material supply, particularly since a striking change has manifested itself in recent years. A serious study of raw materials begins with this sentence: "The dominant fact which emerges from all discussions of the raw materials position of the United States is the nation's increasing dependence on foreign sources of supply." The evidence is presented in the table below.

What will the supply situation be like in fifteen or twenty years, or at the end of the century? Two studies, one of them exhaustive (*Resources for Freedom,* 5 volumes, President's Materials Policy Commission, 1952), the other cursory (Joseph L. Fisher and Edward Boorstein, "The Adequacy of Resources for Economic Growth in the United States," Study Paper No. 13 in U.S. Congress, Joint Economic Committee, *Employment, Growth and Price Levels*), have worked out estimates, under varying assumptions, of requirements for a number of important raw materials, for 1975, 1980, and 2000. Both studies were surprisingly sanguine about the prospects for finding an available supply to meet their very substantial requirements estimates. Great emphasis was placed on the flexibility and technical adaptability of the American economy in overcoming specific shortages.

SELECTED INDUSTRIAL MATERIALS: RATIO OF NET IMPORTS TO U.S. SUPPLY[a] 1937-39, 1956, AND 1959

(Percentages)

Material	1937-39 average	1956	1959
Aluminum	0	11.3	12.4
Bauxite	53.0	78.1	82.8
Petroleum	0	13.5	12.0
Iron ore	2.6	20.3	38.3
Copper	0	22.4	48.4
Wool, apparel	21.9	43.9	....
Lead	0.2	56.5	61.9
Zinc	6.3	57.8	43.8
Fluorspar, all grades	13.4	59.5	74.1
Tungsten[b]	41.8	59.7	n.a.
Manganese[c]	n.a.	82.7	91.3
Nickel	99.2	95.5	100.0

[a] Supply equals production plus imports minus exports. Scrap and other reclaimed material excluded.
[b] Excluding ferrotungsten.
[c] Excluding ferromanganese.
n.a. Not available.
Sources: U.S. Bureau of Mines and U.S. Bureau of the Census, as presented in Percy W. Bidwell, *Raw Materials, A Study of American Policy* (New York: Harper, 1958), p. 5; U.S. Bureau of Mines, *Minerals Yearbook, 1959.*

For the purposes of this review it may be most useful to put aside numerical estimates of future requirements of raw materials for the American economy, and discuss instead a few general considerations that bear on the adequacy of supply. In doing this we avoid the slippery problems of estimating population size, the level of defense spending, and the rate of growth of the gross national product. For convenience, the categories we wish to consider may be termed technological, social, and political.

Technological Developments

On technological grounds there is the most room for optimism concerning long-run raw material availability. Technical development affecting industrial processes is advancing on many fronts, all of which bear directly on the supply of raw materials. Completely new industries have been designed and built in recent years, producing goods from new or relatively abundant materials, thereby reducing the strain on items in shorter supply. Two examples will suffice. The synthetic rubber industry, utilizing a petroleum (or alcohol) base has eliminated the dependence on Southeast Asian rubber shipments. Natural rubber remains a significant American import but it will never again assume the critical importance it possessed in the early 1940's, after Japanese armies had overrun the rubber-producing estates in Indochina, Indonesia, and Malaya. The plastics industry, utilizing a wide variety of relatively plentiful raw material sources — coal, water, air, and limestone among others — has developed into a major branch of the economy and its products have found their way into lines of goods which hitherto had consumed scarcer substances in their fabrication.

Part of the technological conquest of materials shortages occurs in the continuing effort to maximize the efficiency of the production process. Though proceeding unevenly from industry to industry, significant progress has been achieved and more may be anticipated. The amount of coal burned to produce a kilowatt of electricity has been pushed down impressively in recent years. In the production of steel, the new oxygen process, used with great success abroad and already introduced with good results here, permits far higher outputs with the same mixes.

One of the windfalls of a developed state is the raw material supply that may be recaptured from the existing installations, articles, equipment, and general artifacts of an industrialized society. The recycling of materials has attained a high level in certain branches of economic activity and may be expected to be applied more systematically throughout all industry as techniques for recovery are improved. In water supply, re-use for human consumption as well as for industrial purposes already is widespread. In the production of steel, an increasing proportion of the raw material mix utilizes scrap metal rather than fresh iron ore. In the electric furnace, steel scrap is used exclusively.

Modern scientific instruments and techniques are assisting in the discovery of new mineral deposits which probably would have escaped older methods of detection. Once discovered, more efficient means to secure the extraction of the minerals also have been developed. Far

less oil is being left in oil pools whenever current knowledge of pressure control is accepted and applied in the oil fields.

Poorer qualities of ore, which at one time would have been considered unusable, are being brought into commercial production by improved technology. Given sufficient energy for processing, a very big qualification, ordinary rocks may be considered as the mineral-bearing sources of the future. It is estimated that 100 tons of average igneous rock contains about 8 tons of aluminum, 5 tons of iron, 180 pounds of manganese, 40 pounds of nickel, 20 pounds of copper, and 4 pounds of lead.

Only a very small fraction of the annual $12 billion research and development budget goes into the quest for efficiency in raw materials usage. Still, it is reasonable to suppose that as total expenditures on all research rises, there will be direct and indirect benefits to the community in providing an enlarged supply of substitutable raw materials. Technology, therefore, is the positive element in the raw materials supply equation. The social and political factors are less reassuring.

Social Considerations

The social factor in raw materials supply is the use to which the society puts its natural resources. Into what final form are the products of the land, the mines, the forest, and the waters turned? When trees are cut down and pulped, is the newsprint consumed as paper for textbooks, scientific journals, comics, literature of the ages, or advertising supplements? When copper is extracted and smelted in Arizona and transported to New Jersey for refining and fabricating, is the resulting fine wire installed in tape recorders that are used in schools for language instruction, in air-conditioning sets in rumpus rooms, or in the intricate instrument systems in military aircraft? When iron ore is lifted out of the Mesabi Range or taken from Venezuela's famed Cerro Bolivar and burned almost pure into high-grade steel, does it eventually find its way into an annual production of 6 million new cars, into machinery for the re-equipment of capital facilities, into house and school construction, into roller coasters for amusement parks, or into foreign aid shipments?

Our consumer society has an enormous and apparently insatiable appetite for types of goods which devour incredible quantities of raw materials. An average-sized automobile represents 2½ tons of ingot steel, to say nothing of considerable quantities of rubber, copper, chrome, and fabric. There is concern that the present social usage, reflected in the composition of the national output, threatens the adequacy of future raw materials supply. Despite the already enumerated possibilities of technology, there is a strong feeling that it is going to be difficult, perhaps unwise, to guarantee to each of the 300 million Americans who are expected to be on the premises by the turn of the century an unlimited number of an unlimited range of consumer durable goods.

If current consumption patterns do cast a shadow on raw materials adequacy in the next generation, or the one after that, it seems that a social usage more economical of materials and effort should be devised. For one thing, this could involve a changed attitude toward industrial styling and design, which has generally emphasized rapid discard and obsolescence. A nationally rehabilitated mass transport system could be an alternative to the new car production of 27 million units visualized for A.D. 2000 by some forecasters. Possibly individuals may be faced with choosing between higher personal cultural-educational standards and individual goods accumulation — though current prospects of mass preference for the former seem slim indeed.

National defense is another element in the social accounting which will affect the future supply of raw materials. It, too, is a voracious consumer of goods with high raw materials content. If present levels of security expenditures are maintained or expanded, as they well may be, the materials consumed cannot fail to further sap the pool of basic resources, however successful technical efforts to expand it may be.

Political Factors

The political factor in raw materials supply is of an international character and concerns the rapidly changing status of the raw-materials-producing nations of the world, who are also, for the most part, the underdeveloped countries.

From the United States' point of view, it is a wry historical fact that as its dependency on foreign sources of materials grows, the exporting societies exhibit increasing restlessness with their traditional role as raw material suppliers. The emergence of national cohesion in many of the poorer countries has been accompanied by a tremendous wave of economic nationalism. Searching for ways to raise deplorably low living standards, nations with less than $250 annual per capita income, and a dependence on a few export products in their international trade, feel that the vicious cycle in which they are caught up must be broken somewhere. Consequently, industrialization programs proliferate, and though exportation of raw materials continues, many leaders in these lands regard such trade as a necessary but passing evil.

Two sets of statistics have relevance here. They are not usually considered to have any complementarity in the United States but such a linkage is made elsewhere. In one frame of economic activity sits the American economy, representing approximately 7 percent of the world's population and consuming (in 1959) almost 22 percent of the world's production of iron ore, over 25 percent of the copper, about 25 percent of the lead, 41 percent of the petroleum, over 33 percent of the nickel, and 38 percent of the bauxite from which aluminum is made. The other statistics are calculations (from Harrison Brown's book, *The Next Hundred Years,* New York: Viking, 1957) of what would have to be extracted from the earth's surface if the underdeveloped nations of the world were to reach current levels of American materials consumption on a per capita basis. Though *total* world production of iron ore in 1959 amounted to less than half a billion tons, 18 billion tons would be required to bring the world to present-day American consumption levels. For copper, 300 million tons, contrasted with a 4 million world output. For lead, 300 million tons, with a world output of 2½ million tons. These are just a few examples, to which would have to be added "huge quantities of other metals and non-metals. These totals are well over one hundred times the present world annual rate of production."

These relationships point unmistakably to a radical reapportionment of the world's raw material supply. It is now only in its infancy. The current heavy oversupply both in the United States and elsewhere of several materials, such as petroleum, aluminum, copper, and coal, is not a lasting condition. The cyclical behavior of the Western European and American market economies frequently produces material gluts which disappear rapidly when new spurts of expansion develop. Furthermore, the

raw materials consumption needs of the backward countries is only beginning.

There is little danger that in the years immediately ahead, Saudi Arabia will keep all its oil to itself, or that the Venezuelans will refuse to ship out iron ore, or the Malayans, tin. A first consequence will probably be the intensification of the competitive scramble for materials. Costs will most likely move upward as societies strive in every conceivable way to improve their bargaining positions in a tightening international market.

In a later stage, possibly still a decade or two away, as the less-developed countries make progress in their industrialization programs, larger shares of their materials production will be consumed domestically. Their international trade will begin to follow the historic patterns of the other economies, which earlier made the shift from agriculture to industry.

In the still-enshrouded future beyond this point, a time will inevitably arrive when an international method of raw materials sharing will be developed, along with a varied assortment of other international pooling arrangements. Much before this occurs, the United States will have to face a world raw materials situation in which it cannot expect to receive, without struggle, the lion's share of the world's resources.

Summary

Though the current raw materials supply situation of the United States is certainly not one of crisis, certain trends, domestic and international, already evident could produce at some future date a disruptive impact on industrial activity and living standards. If the raw materials requirements of a dynamic American economy in the next generation are to be satisfied, it will be necessary to combine imaginative technological innovations, shifts in the preferences of the population to goods which are less materials-consuming, and efforts in the direction of administered materials-sharing agreements in which surpluses will be transferred in an orderly fashion on some agreed priority basis to deficiency areas.

Making Less and Saving More

(Continued from page 2)

tions are interested in growth, this means increased marketing activity during cyclical downswings if they are to increase their share of the consumer saving dollar.

On the other hand, sellers of goods and services are likely to have even more difficulty during downswings than in the past, particularly sellers of such discretionary items as many durable goods and vacations. Possibly some of them may be able to offset these effects by increased promotional activity, but the over-all effect is still likely to be an intensification of cyclical fluctuations for their products.

Third is the effect of this behavior on those responsible for it, the consumers. Certainly, if a consumer's income is diminished or he is on the verge of losing his job, setting aside extra reserves makes sense. Otherwise, however, a question could be raised regarding the rationality of such behavior. It means that spending becomes even more concentrated in periods when the supply of goods is least ample, during upswings, so that the buyer is likely to end up paying more for goods than he would pay otherwise. Furthermore, when goods are in greatest supply, on a cyclical downswing, purchasers will be even less numerous than at previous such times, thereby acting to depress prices still further.

Whether or not such actions make sense from the point of view of the individual, it is in any case detrimental for society. What makes the situation even more odd is that it is the high-income groups, who account for the bulk of the savings, who may be responsible for the bulk of this retrenching in recession. And they are the ones who least need to retrench.

In many ways this is an interesting problem for a financial psychiatrist, if any such exists. This is particularly so because many businesses are attempting to act in the opposite manner — they are trying to increase outlays, at least capital expenditures, when sales are slow and to hold them down when sales (and prices) are high.

Thus, we have businessmen acting more like consumers and consumers acting more like businessmen; and what makes the situation more paradoxical is that in many instances these are undoubtedly the very same people! RF

Recent Economic Changes

(Continued from page 5)

income in 1960 was only a little more than in 1959. Incomes averaged over $3,000 per person in Delaware and the District of Columbia, and three states — Connecticut, Nevada, and New York — had per capita incomes between $2,750 and $3,000.

Unemployment

The number of jobless fell off seasonally in August to 4.5 million persons. However, since the 598,000 decline was normal for this time of year, the seasonally adjusted rate of unemployment remained unchanged at 6.9 percent. This marked the ninth consecutive month in which the jobless rate has hovered near 7 percent.

The number of long-term unemployed persons, those out of work for 15 weeks or more, showed some improvement during the month but continued to run well above year-ago levels. In August long-term unemployment decreased 194,000 to 1.4 million. A year ago the number of persons in this category totaled 816,000.

Employment in mid-August rose 40,000 to 68.5 million, a record high for the period.

Labor Department data, in thousands of workers, are as follows:

	Aug. 1961	*July 1961*	*Aug. 1960*
Civilian labor force	73,081	73,639	72,070
Employment	68,539	68,499	68,282
Agricultural	6,325	6,453	6,454
Nonagricultural	62,215	62,046	61,828
Unemployment	4,542	5,140	3,788
Seasonally adjusted rate	6.9	6.9	5.9

Dividend Payments

Cash dividend payments by corporations issuing public reports totaled $935 million in July, according to the latest report by the Commerce Department. The July figure represented a gain of 4.5 percent over payments of $895 million in the same month last year. Most of the year-to-year advance centered in the communications and public utilities industries, each of which showed a 12 percent gain over July, 1960.

On a cumulative basis, publicly reported dividend payments were up 2 percent, from $7.5 billion in the first seven months of 1960 to slightly over $7.6 billion in 1961.

BUSINESS BRIEFS

PUBLICATIONS AND DEVELOPMENTS OF BUSINESS INTEREST

Receipts from Foreign Travelers Up

Foreign visitors spent $970 million in the United States in 1960, plus $110 million in fares paid to American ships and planes for international transportation, according to the U.S. Department of Commerce. This is well above 1959 receipts of $900 million from international travel and of $90 million from fares.

As is shown in the accompanying chart, one-third of the $70 million increase in travel receipts came from Mexican visitors. Most of the remainder came from residents of overseas countries, particularly Europe and the Far East. Although Canada's share of the increase was negligible, receipts from Canadian residents were about $470 million, roughly half of total travel receipts.

Despite the increase in receipts over the previous year, the United States balance of payments on this account went deeper into the red, as travel outlays by American residents increased even more. As a result, the excess of travel payments over receipts rose in 1960 by 10 percent, to $1.1 billion.

Supermetropolis Forming in Eastern U.S.

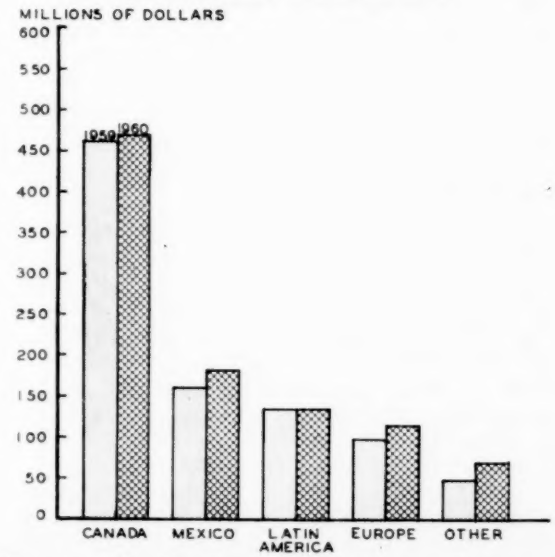
The eastern United States has a growing supermetropolitan area containing 31.5 million inhabitants, according to the 1960 Census of Population. This concentration of population is to be found within the boundaries of 32 contiguous Standard Metropolitan Statistical Areas stretching through 10 Northeastern and Middle Atlantic states from New Hampshire to Virginia. It includes the cities of Boston, New York, Philadelphia, Baltimore, and Washington, D. C., as well as 35 other large central cities.

During the 1950's the population of this great metropolitan complex increased by 4.3 million, or 15.7 percent. Although the population growth of the combined areas has been less than the national rate of 18.5 percent, the population of the suburban rings of their central cities increased by 44 percent between 1950 and 1960. This more than offset a decrease of 2.8 percent in the population of the central cities.

At the same time that this huge eastern metropolis has evidenced growing pains, there seems to be the beginning of two more great metropolitan concentrations of people. One of these is the Chicago region and its extension southwest toward St. Louis and the other is the Los Angeles-San Diego area. The area around Chicago showed an increase in the 1950's of 1.2 million people, or 21.6 percent. However, the SMSA around Los Angeles showed the greatest rate of growth of any in the country, with an increase of 2.7 million or 45.5 percent.

There are still substantial areas of "open" space within each of the SMSA's. However, the main highways linking the central cities generally pass through areas of roadside business and residential developments linking together the more densely populated areas.

EXPENDITURES OF FOREIGN TRAVELERS IN THE U.S., 1959 AND 1960



Source: U.S. Department of Commerce, *Survey of Current Business*, June, 1961, p. 19.

New "Opinion Meter"

Secret ballots in group meetings without fussing with many tiny slips of paper are now possible with a newly developed "Opinion Meter." Developed by the Rex Metal Craft Instrument Division of Rex Metal Craft, Inc., the Opinion Meter is a mechanical device that tallies negative, positive, and undecided votes for groups ranging from 10 to 100 persons.

Each member of the group operates a signal button during a vote, and the yeas, nays, and undecideds show up on the Opinion Meter's dial as a group percentage. The price of the meter is $295; signal devices run $3.40 each in multiples of ten.

City Revenue Rises Over $1 Billion

Revenue of city governments in the United States amounted to $14.9 billion in the fiscal year ending June 30, 1960. This represented an increase of $1.2 billion, or 8.5 percent, from the 1959 figure, according to the U.S. Bureau of the Census.

Spending of the 18,043 cities totaled $15.3 billion in fiscal 1960 as against $14.5 billion in the previous year. These revenue and expenditure totals include city-operated utilities and employee retirement systems. Excluding such amounts, general revenue of the city governments amounted to $11.6 billion; general expenditures were $11.8 billion.

City property taxes again supplied the greatest single source of revenue, $5.2 billion, or 8 percent more than in 1959. Collections of city-imposed general and selective sales taxes rose 17 percent to $1.2 billion. Intergovernmental revenue, mainly from the states, totaled $2.3 billion, nearly one-fifth of city general revenue in 1960. Other general revenue, including current charges, special assessments, and miscellaneous sources, amounted to $2.9 billion. During fiscal 1960, the cities went further into debt. They issued $2.4 billion of long-term debt and retired $1.3 billion previously incurred. At the end of the fiscal year, their debt burden totaled $23.2 billion.

The Census report emphasizes that these figures cover only the finances of city governments and dependent agencies, and do not account for any other local governments which impose taxes and provide services in most urban areas.

LOCAL ILLINOIS DEVELOPMENTS

Construction Funds Approved

A large volume of funds for construction in Illinois has been approved. Bills appropriating $194.9 million in bond money for construction at the six state-supported universities became law on July 31. These provide $98.5 million for the University of Illinois, $53.2 million for Southern Illinois University, and $43.2 million for the State Teachers College Board. The board has charge of universities at Charleston, DeKalb, Macomb, and Normal.

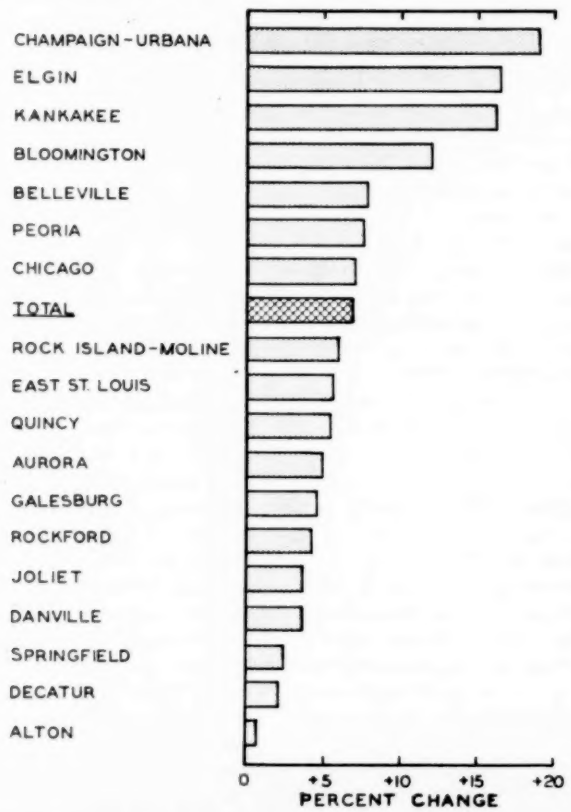
More than $138 million has been allocated for improvements at state welfare institutions and for construction of six mental health clinics; these funds will come from the mental health bond issue approved by Illinois voters last November. These will enable the State to add facilities for 2,792 new beds and make improvements in existing institutions. The six new clinics will be constructed at a cost of $37.8 million.

Funds released early in August by the governor from the federal hospital construction fund include $780,000 for part of the costs of St. Joseph's Hospital, Joliet, and St. Anthony's Hospital, Rockford; $822,000 each for St. Mary's Hospital, Quincy, and Mercy Hospital, Urbana; $195,000 for the Community Memorial Hospital, Hoopeston; and $193,000 for Condell Memorial Hospital, Libertyville.

Tax Collections About the Same

Collections from the state's major tax sources totaled nearly $60 million in July on June tax liability, as reported by the Illinois Department of Revenue.

CHANGES IN POSTAL RECEIPTS, 1959 TO 1960



Sources: Local post office reports.

More than half of this amount came from the retailers' occupation tax, and another fourth from the motor fuel tax. Collections from other sources included: use tax, $1.7 million; cigarettes, $4.0 million; liquor, $3.8 million; public utilities, $3.8 million; and petroleum, $99,000. Total tax collections for the first seven months of 1961 amounted to $399.0 million, compared with $399.8 million for the same period in 1960.

A number of new tax measures passed by the 72nd Illinois General Assembly went into effect August 1. These included several sales-tax broadening bills such as the one applying a 3 percent tax on items purchased by doctors and dentists for professional use (drugs, bandages, dental fillings, and so forth). Others extended the state sales tax to remodeling and reconditioning of personal property for users, to retail sales to the State of Illinois and its subdivisions, and to sales by nonprofit organizations to members, guests, and others. A 3 percent tax on hotel and motel receipts also went into effect on the same date.

Already in effect in July were the 3½ percent sales tax, the additional penny per pack tax on cigarettes, and the application of the 3½ percent sales tax rate to building materials and to sales by out-of-state retailers soliciting business in Illinois by means of catalogs. During legislative hearings it was estimated that the last-mentioned measure would add as much as $5 million annually to the state's general tax collections.

New Center of Population

The center of population of the United States is now located on a Clinton County, Illinois, farm. The spot is about 6½ miles northwest of Centralia and one mile south-southwest of Shattuc, Illinois. The point was determined by the United States Census Bureau and the Coast and Geodetic Survey on the basis of the 1960 Census of Population.

The "center of population" is defined by the Census Bureau as that point upon which the United States would balance if it were a rigid plane without weight, with the population distributed upon it and with each individual being assumed to have equal weight.

The center point, which was first identified after the 1870 census, has been determined after each census since and has also been calculated for the earlier censuses. The center point at the time of the first census in 1790 was located 23 miles east of Baltimore, Maryland, and since then has moved westward a total of 701 miles.

Postal Receipts Mount

Total postal receipts for 18 major trading centers in Illinois in 1960 amounted to $227,354,599, a gain of $14,504,932 or 6.8 percent over the previous year. Increases were reported for all of the cities, ranging from a high of 19.3 percent for Champaign-Urbana to a low of 0.5 percent for Alton.

As is shown by the accompanying chart, other cities whose postal receipts showed increases above 10 percent were Elgin, 16.4 percent; Kankakee, 16.1 percent; and Bloomington, 11.7 percent. The only other cities besides Alton which had increases of less than 3 percent were Springfield with 2.1 percent and Decatur with 1.7 percent.

A small part of the gains in postal receipts was the result of slight rate increases on second and third class mail which went into effect during 1960.

COMPARATIVE ECONOMIC DATA FOR SELECTED ILLINOIS CITIES

July, 1961

	Building Permits[1] (000)	Electric Power Consumption[2] (000 kwh)	Estimated Retail Sales[3] (000)	Department Store Sales[4]	Bank Debits[4] (000,000)	Postal Receipts[5] (000)
ILLINOIS	**$34,189**[a]	**1,263,175**[a]	**$466,450**[a]		**$19,274**[a]	**$14,340**[a]
Percentage change from June, 1961	*−48.3*	*+1.0*	*+0.8*	*−19*	*−11.8*	*−0.9*
Percentage change from July, 1960	*−20.7*	*+7.0*	*−15.1*	*+4*	*+7.2*	*−4.6*
NORTHERN ILLINOIS						
Chicago	**$25,888**	**929,925**	**$335,106**		**$17,721**	**$12,185**
Percentage change from June, 1961	*−41.6*	*+2.1*	*+0.2*	*−19*	*−12.4*	*−1.2*
Percentage change from July, 1960	*−19.9*	*+7.2*	*−15.8*	*+5*	*+7.3*	*−6.2*
Aurora	**$ 805**	n.a.	**$ 7,255**		**$ 78**	**$ 152**
Percentage change from June, 1961	*−28.8*		*+5.5*	*−22*	*−11.2*	*−8.2*
Percentage change from July, 1960	*−50.1*		*−24.8*	*−6*	*−11.7*	*+6.7*
Elgin	**$ 579**	n.a.	**$ 4,961**		**$ 54**	**$ 120**
Percentage change from June, 1961	*+46.2*		*+0.5*	n.a.	*−4.2*	*+4.9*
Percentage change from July, 1960	*+45.8*		*−18.9*		*+2.8*	*+5.8*
Joliet	**$ 594**	n.a.	**$ 9,867**		**$ 94**	**$ 113**
Percentage change from June, 1961	*+21.7*		*+9.8*	*−19*	*−10.2*	*+4.9*
Percentage change from July, 1960	*−6.5*		*−10.9*	*−2*	*−5.2*	*+5.8*
Kankakee	**$ 100**	n.a.	**$ 4,511**		n.a.	**$ 63**
Percentage change from June, 1961	*−71.3*		*+5.1*	n.a.		*+4.4*
Percentage change from July, 1960	*−45.4*		*−14.5*			*+14.7*
Rock Island-Moline	**$ 1,103**	**27,846**	**$ 9,415**		**$ 125**[b]	**$ 171**
Percentage change from June, 1961	*+39.8*	*−1.8*	*+0.4*	n.a.	*−8.0*	*+7.2*
Percentage change from July, 1960	*−37.9*	*+2.9*	*−19.8*		*+3.2*	*+16.8*
Rockford	**$ 1,213**	**51,148**[c]	**$16,286**		**$ 213**	**$ 231**
Percentage change from June, 1961	*−43.3*	*−4.2*	*−4.7*	*−19*[c]	*−7.3*	*−1.0*
Percentage change from July, 1960	*−24.6*	*+8.9*	*−7.8*	*+1*[c]	*−0.8*	*+10.6*
CENTRAL ILLINOIS						
Bloomington	**$ 520**	**11,441**	**$ 4,765**		**$ 93**	**$ 111**
Percentage change from June, 1961	*−11.1*	*−2.2*	*−3.1*	n.a.	*+4.4*	*+1.6*
Percentage change from July, 1960	*+38.7*	*+19.2*	*−8.8*		*+9.5*	*+15.9*
Champaign-Urbana	**$ 310**	**16,602**	**$ 7,427**		**$ 93**	**$ 115**
Percentage change from June, 1961	*−65.4*	*+7.9*	*−1.8*	n.a.	*−2.5*	*+6.9*
Percentage change from July, 1960	*−72.1*	*+10.3*	*−0.8*		*+10.4*	*+6.8*
Danville	**$ 158**	**15,240**	**$ 5,647**		**$ 53**	**$ 73**
Percentage change from June, 1961	*−70.3*	*+3.1*	*+6.8*	*−13*[c]	*+3.2*	*−9.4*
Percentage change from July, 1960	*−24.0*	*+9.5*	*−3.4*	*+3*[c]	*−3.1*	*−12.5*
Decatur	**$ 720**	**33,956**	**$10,060**		**$ 127**	**$ 125**
Percentage change from June, 1961	*−10.2*	*−2.2*	*+5.6*	*−21*	*−1.3*	*+3.1*
Percentage change from July, 1960	*+531.6*	*+2.8*	*−8.6*	*+3*	*+8.5*	*+12.1*
Galesburg	**$ 414**	**8,642**	**$ 4,005**		n.a.	**$ 47**
Percentage change from June, 1961	*+170.6*	*−1.3*	*+10.3*	n.a.		*−5.7*
Percentage change from July, 1960	*−5.5*	*+6.9*	*−11.9*			*−4.4*
Peoria	**$ 582**	**59,862**[c]	**$14,486**		**$ 249**	**$ 282**
Percentage change from June, 1961	*−78.3*	*−2.6*	*+2.4*	*−17*	*−0.4*	*−0.8*
Percentage change from July, 1960	*−21.5*	*+13.0*	*−21.6*	*+3*	*+6.6*	*+2.6*
Quincy	**$ 186**	**12,908**	**$ 4,774**		**$ 53**	**$ 67**
Percentage change from June, 1961	*−96.1*	*+0.7*	*+2.6*	n.a.	*−8.4*	*−34.1*
Percentage change from July, 1960	*−1.6*	*+8.0*	*−10.4*		*+10.6*	*−13.5*
Springfield	**$ 469**	**41,092**[c]	**$11,446**		**$ 145**	**$ 347**
Percentage change from June, 1961	*−49.1*	*−4.8*	*+2.0*	*−15*[c]	*+2.7*	*+17.4*
Percentage change from July, 1960	*−46.4*	*−5.5*	*−8.3*	*−1*[c]	*+9.6*	*+29.0*
SOUTHERN ILLINOIS						
East St. Louis	**$ 73**	**18,238**	**$ 7,515**		**$ 129**	**$ 41**
Percentage change from June, 1961	*−70.8*	*+6.5*	*+4.0*	n.a.	*−10.4*	*−41.9*
Percentage change from July, 1960	*−12.0*	*+5.2*	*−17.4*		*−8.0*	*−64.5*
Alton	**$ 207**	**23,751**	**$ 4,437**		**$ 47**	**$ 35**
Percentage change from June, 1961	*−95.3*	*−4.9*	*+6.0*	n.a.	*−6.2*	*−15.8*
Percentage change from July, 1960	*−18.8*	*+8.8*	*−13.2*		*+2.7*	*−2.0*
Belleville	**$ 268**	**12,525**	**$ 4,487**		n.a.	**$ 53**
Percentage change from June, 1961	*−50.2*	*−0.3*	*+5.6*	n.a.		*+7.0*
Percentage change from July, 1960	*+45.7*	*+6.3*	*−10.2*			*+7.8*

[a] Total for cities listed. [b] Includes East Moline. [c] Includes immediately surrounding territory. n.a. Not available.

Sources: [1] Local sources. Data include federal construction projects. [2] Local power companies. [3] Illinois Department of Revenue. Data are for June, 1961. Comparisons relate to May, 1961, and June, 1960. [4] Research Departments of Federal Reserve Banks in Seventh (Chicago) and Eighth (St. Louis) Districts. Department store sales percentages rounded by original sources. [5] Local post office reports. Four-week accounting periods ending July 21, 1961, and July 22, 1960.

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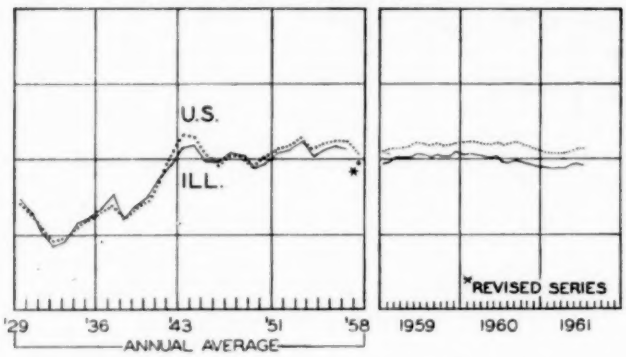
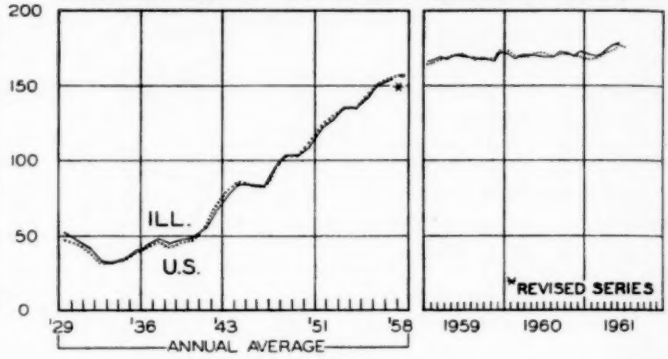
INDEXES OF BUSINESS ACTIVITY

1947-1949 = 100

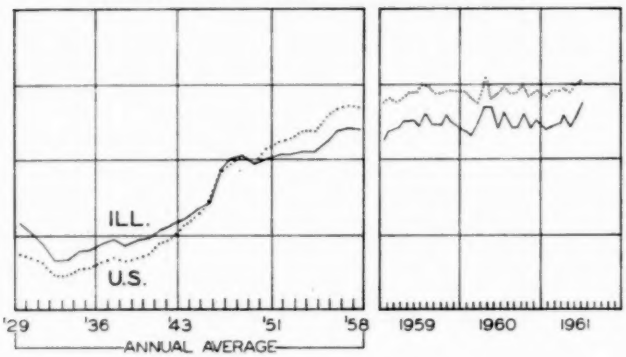
EMPLOYMENT MANUFACTURING



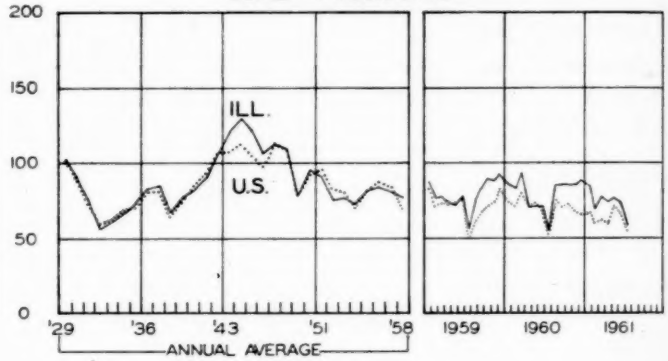
AVERAGE WEEKLY EARNINGS—MANUFACTURING



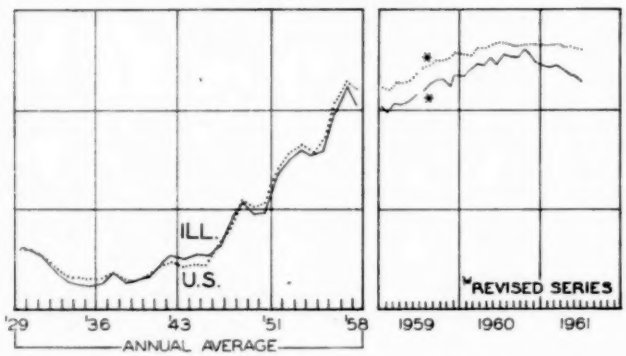
DEPARTMENT STORE SALES (ADJ.)



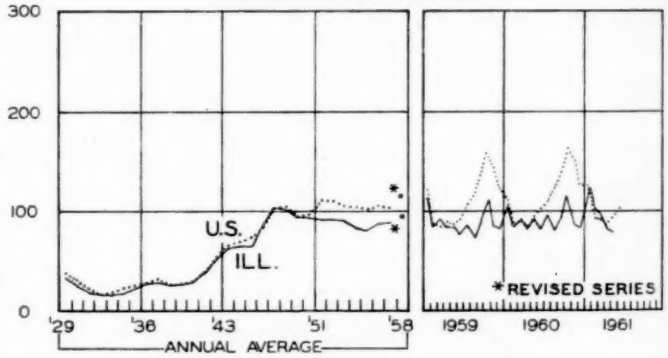
COAL PRODUCTION



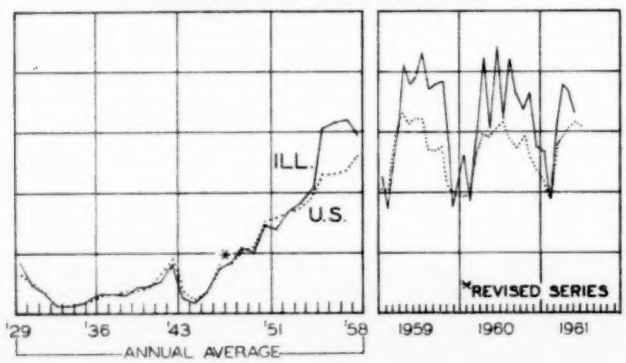
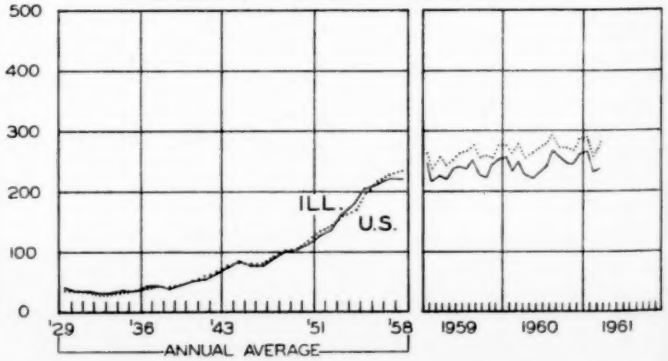
BUSINESS LOANS



CASH FARM INCOME



CONSTRUCTION CONTRACTS



ELECTRIC POWER PRODUCTION